

**CITY OF BISMARCK EMPLOYEES PENSION FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2004**

	July-04				Current	Prior Year	3 Years	5 Years
	Allocation	Month			Fiscal YTD	FY04	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2004	6/30/2004
							Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>								
<i>Structured Growth</i>								
LA Capital	1,289,164	5.0%	5.1%	-5.13%	-5.13%	N/A	N/A	N/A
<b>Total Structured Growth</b>	<b>1,289,164</b>	<b>5.0%</b>	<b>5.1%</b>	<b>-5.13%</b>	<b>-5.13%</b>	<b>19.20%</b>	<b>-5.87%</b>	<b>-7.07%</b>
Russell 1000 Growth				-5.65%	-5.65%	17.88%	-3.74%	-6.48%
<i>Structured Value</i>								
LSV	1,408,748	5.5%	5.1%	-1.26%	-1.26%	29.44%	9.20%	8.31%
Russell 1000 Value				-1.41%	-1.41%	21.13%	2.96%	0.64%
<i>Enhanced Russell 1000 Index</i>								
LA Capital	1,756,862	6.8%	5.1%	-4.05%	-4.05%	18.59%	-0.17%	N/A
Russell 1000				-3.51%	-3.51%	19.48%	-0.32%	N/A
<i>Enhanced S&amp;P 500 Index</i>								
Northern Trust	1,775,205	6.9%	5.1%	-3.67%	-3.67%	19.00%	-0.31%	N/A
Strong	54,979	0.2%	5.1%	0.00%	0.00%	21.13%	-0.06%	N/A
Westridge	1,768,918	6.8%	5.1%	-3.30%	-3.30%	19.30%	-0.36%	N/A
<b>Total Enhanced S&amp;P 500 Index</b>	<b>3,599,103</b>	<b>13.9%</b>	<b>15.4%</b>	<b>-3.18%</b>	<b>-3.18%</b>	<b>19.81%</b>	<b>-0.24%</b>	<b>N/A</b>
S&P 500				-3.31%	-3.31%	19.11%	-0.69%	N/A
<i>S&amp;P 500 Index</i>								
State Street	901,990	3.5%	3.4%	-3.31%	-3.31%	19.08%	-0.67%	-2.17%
S&P 500				-3.31%	-3.31%	19.11%	-0.69%	-2.20%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>8,955,867</b>	<b>34.7%</b>	<b>34.3%</b>	<b>-3.43%</b>	<b>-3.43%</b>	<b>20.38%</b>	<b>0.08%</b>	<b>-2.14%</b>
S&P 500				-3.31%	-3.31%	19.11%	-0.69%	-2.20%
<b>SMALL CAP DOMESTIC EQUITY</b>								
<i>Manager-of-Managers</i>								
SEI	2,703,063	10.5%	10.7%	-7.32%	-7.32%	33.33%	5.76%	N/A
Russell 2000 + 200bp				-6.57%	-6.57%	35.99%	8.43%	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>2,703,063</b>	<b>10.5%</b>	<b>10.7%</b>	<b>-7.32%</b>	<b>-7.32%</b>	<b>33.33%</b>	<b>5.76%</b>	<b>6.81%</b>
Russell 2000				-6.73%	-6.73%	33.36%	6.24%	6.63%
<b>INTERNATIONAL EQUITY</b>								
<i>Large Cap - Core</i>								
State Street	160,397	0.6%	0.6%	-3.04%	-3.04%	27.44%	0.42%	-1.44%
MSCI EAFE - 50% Hedged				-2.80%	-2.80%	26.98%	-1.27%	-1.15%
<i>Large Cap - Active</i>								
Capital Guardian	387,337	1.5%	1.5%	-2.97%	-2.97%	25.40%	-1.15%	1.54%
Bank of Ireland	78,512	0.3%	0.3%	-3.34%	-3.34%	23.61%	N/A	N/A
<b>Total Large Cap - Active</b>	<b>465,849</b>	<b>1.8%</b>	<b>1.8%</b>	<b>-3.03%</b>	<b>-3.03%</b>	<b>25.11%</b>	<b>-0.79%</b>	<b>1.76%</b>
MSCI EAFE - 50% Hedged				-2.80%	-2.80%	26.98%	-1.27%	-1.15%
<i>Small Cap - Active</i>								
Lazard	82,751	0.3%	0.3%	-2.84%	-2.84%	44.40%	N/A	N/A
Wellington	82,752	0.3%	0.3%	-4.65%	-4.65%	42.26%	N/A	N/A
<b>Total Small Cap - Active</b>	<b>165,502</b>	<b>0.6%</b>	<b>0.6%</b>	<b>-3.74%</b>	<b>-3.74%</b>	<b>43.25%</b>	<b>N/A</b>	<b>N/A</b>
Citigroup Broad Market Index < \$2BN				-4.20%	-4.20%	47.95%	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>791,748</b>	<b>3.1%</b>	<b>3.0%</b>	<b>-3.18%</b>	<b>-3.18%</b>	<b>29.19%</b>	<b>2.00%</b>	<b>1.63%</b>
MSCI EAFE - 50% Hedged				-2.80%	-2.80%	26.98%	-1.27%	-1.15%
<b>EMERGING MARKETS EQUITY</b>								
Capital Guardian	350,259	1.4%	1.5%	-1.94%	-1.94%	27.91%	8.93%	2.83%
MSCI Emerging Markets Free				-1.77%	-1.77%	33.50%	13.09%	3.25%
<b>DOMESTIC FIXED INCOME</b>								
<i>Core Bond</i>								
Western Asset	1,165,300	4.5%	4.1%	1.23%	1.23%	2.02%	8.00%	8.39%
Lehman Aggregate				0.99%	0.99%	0.32%	6.35%	6.95%
<i>Active Duration</i>								
WestAM (Criterion)	1,136,253	4.4%	4.1%	0.88%	0.88%	-0.25%	5.14%	6.43%
Lehman Aggregate				0.99%	0.99%	0.32%	6.35%	6.95%
<i>Index</i>								
Bank of ND	2,039,728	7.9%	9.0%	0.95%	0.95%	-1.03%	6.88%	7.04%
Bank of ND Match Loan CD Program	268,990	1.0%	1.0%	0.42%	0.42%	5.08%	5.57%	5.70%
<b>Total Index</b>	<b>2,308,717</b>	<b>8.9%</b>	<b>10.0%</b>	<b>0.85%</b>	<b>0.85%</b>	<b>0.23%</b>	<b>6.79%</b>	<b>6.83%</b>
Lehman Gov/Credit				1.06%	1.06%	-0.72%	6.73%	7.10%

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							Net	Net
<b>Convertibles</b>								
<b>TCW</b>	<b>1,100,205</b>	<b>4.3%</b>	<b>4.1%</b>	<b>-4.83%</b>	<b>-4.83%</b>	<b>16.74%</b>	<b>0.51%</b>	<b>3.89%</b>
<i>First Boston Convertible Index</i>				-2.18%	-2.18%	14.44%	4.95%	5.78%
<b>BBB Average Quality</b>								
<b>Strong</b>	<b>1,120,382</b>	<b>4.3%</b>	<b>4.1%</b>	<b>1.57%</b>	<b>1.57%</b>	<b>1.29%</b>	<b>6.26%</b>	<b>7.23%</b>
<i>Lehman BBB</i>				1.40%	1.40%	1.23%	8.23%	6.60%
<b>Timberland</b>								
<b>Evergreen (Wachovia)</b>	<b>3,492,387</b>	<b>13.5%</b>	<b>13.5%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>10.46%</b>	<b>N/A</b>	<b>N/A</b>
							N/A	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>10,323,245</b>	<b>40.0%</b>	<b>40.0%</b>	<b>0.04%</b>	<b>0.04%</b>	<b>5.08%</b>	<b>6.35%</b>	<b>7.34%</b>
<i>Lehman Aggregate</i>				0.99%	0.99%	0.32%	6.35%	6.95%
<b>HIGH YIELD BONDS</b>								
<b>Loomis Sayles</b>	<b>457,709</b>	<b>1.8%</b>	<b>1.8%</b>	<b>1.21%</b>	<b>1.21%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Lehman High Yield Cash Pay Index</i>				1.37%	1.37%	N/A	N/A	N/A
<b>Sutter/Wells Capital</b>	<b>466,216</b>	<b>1.8%</b>	<b>1.8%</b>	<b>1.30%</b>	<b>1.30%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Merrill Lynch High Yield Master II Index</i>				1.33%	1.33%	N/A	N/A	N/A
<b>TOTAL HIGH YIELD BONDS</b>	<b>923,926</b>	<b>3.6%</b>	<b>3.5%</b>	<b>1.26%</b>	<b>1.26%</b>	<b>7.69%</b>	<b>6.68%</b>	<b>2.79%</b>
<i>Lehman High Yield Bond Index</i>				1.36%	1.36%	10.33%	9.30%	4.78%
<b>INTERNATIONAL FIXED INCOME</b>								
<b>International Sovereign</b>								
<b>UBS Global (Brinson)</b>	<b>252,026</b>	<b>1.0%</b>	<b>1.0%</b>	<b>-0.96%</b>	<b>-0.96%</b>	<b>7.86%</b>	<b>14.20%</b>	<b>6.47%</b>
<i>Citigroup Non-US Gov't Bond Index (1)</i>				-0.88%	-0.88%	7.59%	13.65%	6.84%
<b>International Core</b>								
<b>Brandywine</b>	<b>258,353</b>	<b>1.0%</b>	<b>1.0%</b>	<b>0.27%</b>	<b>0.27%</b>	<b>9.65%</b>	<b>N/A</b>	<b>N/A</b>
<i>Lehman Global Aggregate (ex-US)</i>				-0.70%	-0.70%	5.20%	N/A	N/A
<b>TOTAL INTERNATIONAL FIXED INCOME</b>	<b>510,379</b>	<b>2.0%</b>	<b>2.0%</b>	<b>-0.34%</b>	<b>-0.34%</b>	<b>8.78%</b>	<b>14.41%</b>	<b>6.59%</b>
<i>Citigroup Non-US Gov't Bond Index (1)</i>				-0.88%	-0.88%	7.59%	13.65%	6.84%
<b>REAL ESTATE</b>								
<b>J.P. Morgan</b>	<b>796,453</b>	<b>3.1%</b>	<b>3.0%</b>	<b>0.68%</b>	<b>0.68%</b>	<b>11.11%</b>	<b>7.63%</b>	<b>9.54%</b>
<i>NCREIF TOTAL INDEX</i>				1.03%	1.03%	10.82%	8.40%	9.33%
<b>ALTERNATIVE INVESTMENTS</b>								
Coral Partners V	22,702			0.00%	0.00%	-31.07%	-34.06%	-13.63%
Coral Partners V - Supplemental	2,700			0.00%	0.00%	30.44%	N/A	N/A
Coral Partners VI	14,947			0.00%	0.00%	-21.72%	N/A	N/A
Brinson 1998 Partnership Fund	6,282			0.00%	0.00%	9.41%	-7.52%	3.66%
Brinson 1999 Partnership Fund	10,484			0.00%	0.00%	14.66%	-9.09%	-1.33%
Brinson 2000 Partnership Fund	17,410			0.00%	0.00%	11.19%	-6.65%	N/A
Brinson 2001 Partnership Fund	8,036			0.00%	0.00%	6.64%	-2.03%	N/A
Brinson 2002 Partnership Fund	4,565			0.00%	0.00%	14.42%	N/A	N/A
Brinson 2003 Partnership Fund	628			0.00%	0.00%	-4.63%	N/A	N/A
Brinson 1999 Non-US Partnership Fund	5,291			0.00%	0.00%	21.09%	8.14%	4.24%
Brinson 2000 Non-US Partnership Fund	6,608			0.00%	0.00%	15.38%	5.71%	N/A
Brinson 2001 Non-US Partnership Fund	4,131			0.00%	0.00%	16.63%	3.39%	N/A
Brinson 2002 Non-US Partnership Fund	6,206			0.00%	0.00%	18.67%	N/A	N/A
Brinson 2003 Non-US Partnership Fund	1,471			0.00%	0.00%	-3.93%	N/A	N/A
Brinson 2004 Non-US Partnership Fund	285			0.00%	0.00%	N/A	N/A	N/A
Brinson BVCF IV	30,057			0.00%	0.00%	21.17%	-9.85%	-10.01%
Matlin Patterson Global Opportunities	43,005			0.00%	0.00%	13.00%	N/A	N/A
InvestAmerica	7,222			0.00%	0.00%	-7.73%	N/A	N/A
Hearthstone MSII	1,708			0.00%	0.00%	28.64%	20.32%	N/A
Hearthstone MSIII	34,675			0.00%	0.00%	N/A	N/A	N/A
<b>TOTAL ALTERNATIVE INVESTMENTS (2)</b>	<b>228,413</b>	<b>0.9%</b>	<b>1.0%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>3.07%</b>	<b>-12.87%</b>	<b>-3.91%</b>
<b>CASH EQUIVALENTS</b>								
<b>Northern Trust STIF/STEP</b>	<b>244,758</b>	<b>0.9%</b>	<b>1.0%</b>	<b>0.12%</b>	<b>0.12%</b>	<b>1.44%</b>	<b>1.86%</b>	<b>3.48%</b>
<i>90 Day T-Bill</i>				0.12%	0.12%	0.98%	1.71%	3.29%
<b>TOTAL FUND</b>	<b>25,828,110</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-2.07%</b>	<b>-2.07%</b>	<b>14.85%</b>	<b>4.50%</b>	<b>3.86%</b>
<b>POLICY TARGET BENCHMARK</b>				<b>-1.51%</b>	<b>-1.51%</b>	<b>12.08%</b>	<b>4.47%</b>	<b>3.75%</b>

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.